



PHILIP L. BROWNING
Director

SHERYL L. SPILLER
Chief Deputy

County of Los Angeles
DEPARTMENT OF PUBLIC SOCIAL SERVICES

12860 CROSSROADS PARKWAY SOUTH • CITY OF INDUSTRY, CALIFORNIA 91746
Tel (562) 908-8400 • Fax (562) 908-0459



Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

June 12, 2007

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**RECOMMENDATION TO APPROVE AMENDMENTS TO THE CONTRACTS WITH
QTC MEDICAL GROUP, INC. AND SOUTH ATLANTIC MEDICAL GROUP, INC.
TO PROVIDE GENERAL RELIEF EMPLOYABILITY SCREENING SERVICES
(ALL DISTRICTS – 3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that services performed under these contracts continue to be performed more economically by Contractor than by County employees.
2. Approve and instruct the Chairman to sign the enclosed Amendments with QTC Medical Group, Inc., a private for-profit organization, and South Atlantic Medical Group, a private for-profit organization, for the provision of General Relief (GR) Employability Screening Services for the Department of Public Social Services (DPSS), effective July 1, 2007, on a month-to-month basis, not to exceed twelve (12) months. The contract costs are funded 100% with net County cost (NCC).
3. Delegate authority to the Director of the Department of Public Social Services, or the Director's designee, to exercise any or all of the eleven month-to-month options, the exercise of which would be required to extend the term of these contracts to their twelve month maximum.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Upon completing a solicitation process, the Department proceeded with filing a Board Letter recommending a contractor to provide the services upon the expiration of the current contracts on June 30, 2007.

In complying with the Countywide Protest Policy, two proposers requested Debriefing meetings. One proposer (Lemus Medical Center) requested a tier-two level of review and may pursue a level three (CAO Review Panel) review. To allow sufficient time for processing a possible level three protest, and to prevent any lapse in providing services to participants, the Department withdrew the request to your Board and is subsequently filing for approval to extend the current contracts.

QTC Medical Group (QTC), Inc. and South Atlantic Medical Group (SAMG), Inc. currently provide Employability Screening Services for General Relief (GR) applicants/participants. Employability Screening Services are needed to determine a GR applicant's/participant's medical ability to work. The need for such services will remain constant as long as the determination of employability continues to be a condition of eligibility for GR.

Implementation of Strategic Plan Goals

Contracting out for Employability Screening Services is consistent with the principles of the Countywide Strategic Plan's Goals #1, Service Excellence, Strategy #1, to develop user-friendly service standards and Strategy #2 to implement seamless service delivery systems. These services are provided at no cost to the participant.

FISCAL IMPACT/FINANCING

The Amendments provide for a fixed unit cost per screening, per region, with no cost-of-living increase. Based on the actual number of screenings performed by the contractors during the period July 2006–April 2007, the cost of services for the maximum 12-month period is estimated at \$1.6 Million for QTC and \$1.4 million for SAMG. The estimated annual cost of \$3.0 million is included in the FY 2007-08 Proposed Budget. These services will be financed by 100% County funds.

General Relief is a County program with no State or federal subvention. The contract costs for employability screenings are borne entirely by the County.

FACTS AND PROVISIONAL/LEGAL REQUIREMENTS

General Relief is a County program mandated by the State of California Welfare and Institutions Code section 17000, et. seq., which requires counties to provide relief and support to indigent persons not eligible for assistance under State or federal categorical aid programs.

Section 2.102.120 of the Los Angeles County Code requires employable GR applicants and participants to participate in an employment program as a condition of eligibility for GR. Refusal or failure to comply with that requirement, without good cause, renders an employable participant ineligible for GR. An employable participant who states that he or she is unable to participate in the mandatory employment program due to a physical and/or mental illness or disability and is unable to participate in mandated work-related activities is required to obtain a physician's statement from the contracted provider, DHS or Veteran's Administration (VA), supporting his or her incapacity. All applicants and participants stating they are physically disabled are referred to the contractor for an employability screening to determine their ability to work. The County Department of Mental Health performs evaluations for applicants and participants who need documentation of unemployability due to mental disabilities.

The approval of these Amendments will not result in unauthorized disclosure of confidential information and will be in compliance with applicable federal, State, and County confidentiality laws. There is no employee impact as a result of the contract since services are currently being provided by contractors.

The County may terminate these contracts for convenience with thirty (30) days prior written notice. The contract also contains a provision that limits the County's obligation if funding is not appropriated by the Board of Supervisors for each year of the contract.

The contractors are in compliance with all Board, Chief Administrative Office, and County Counsel requirements.

The Amendments have been approved as to form by County Counsel.

Honorable Board of Supervisors
June 12, 2007
Page 4

IMPACT ON CURRENT SERVICES

The approval of these Amendments will not infringe on the role of the County in its relationship to its residents, and the County's ability to respond to emergencies will not be impaired. There is no change in risk exposure to the County.

CONCLUSION

Upon Board approval, the Executive Officer, Board of Supervisors, is requested to return one (1) adopted, stamped Board Letter and four (4) original-signature copies of each Amendment to DPSS.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'P. L. Browning', with a stylized flourish at the end.

Philip L. Browning
Director

Enclosures

c: Executive Officer, Board of Supervisors
 Chief Administrative Officer
 County Counsel
 Auditor-Controller
 Department of Health Services



AMENDMENT NUMBER FOUR

to the

Contract Between

County of Los Angeles

and

GTC Medical Group, Inc.

Employability Screening Services for General Relief Applicants/Participants

PREPARED BY:

GENERAL RELIEF AND FOOD STAMP DIVISION
12820 CROSSROADS PARKWAY SOUTH
CITY OF INDUSTRY, CA 91746-3411

JUNE 2007

**AMENDMENT NUMBER FOUR TO THE CONTRACT
BETWEEN COUNTY OF LOS ANGELES
AND
QTC MEDICAL GROUP, INC.
FOR EMPLOYABILITY SCREENING SERVICES
FOR GENERAL RELIEF APPLICANTS/PARTICIPANTS**

Reference is made to the Contract entitled "Employability Screening Services for General Relief Applicants/Participants Contract By and Between County of Los Angeles and QTC Medical Group, Inc.," dated May 21, 2002, and further identified as COUNTY Agreement Number 73996, and as later amended by Amendment Number One, dated June 22, 2004, Amendment Number Two, dated June 13, 2005, and Amendment Number Three, dated June 26, 2006.

WHEREAS, services provided by CONTRACTOR under this Contract continue to be performed more economically by CONTRACTOR than by COUNTY employees; and

WHEREAS, COUNTY and CONTRACTOR desire to extend the term of the Contract.

NOW, THEREFORE, effective June 30, 2007, the Contract is amended as follows:

1. Contract Section II., **CONTRACT TERM**, is amended to add the following paragraph 5.0, which shall read in its entirety as follows:
 - 5.0 The term of this Contract is extended for an additional month to July 31, 2007. Additionally, the COUNTY shall have the unilateral option to extend the term of this Contract, on a month-to-month basis, for a period not to exceed eleven (11) additional months. The Director, or the Director's designee, shall have the authority to exercise each additional one month option on behalf of the COUNTY. The exercise of each of the COUNTY's options to extend the term of this Contract shall be effective immediately upon dispatch of a notice from the COUNTY to the CONTRACTOR informing the CONTRACTOR of COUNTY's decision to exercise its option. In the event that the COUNTY exercises each of its eleven monthly options to extend the term of this Contract, the Contract will expire on June 30, 2008.

2. Contract Section V., Terms and Conditions, Paragraph 1.59, Compliance with Living Wage Ordinance, is amended and restated in its entirety as set forth on Exhibit A to this Amendment Number Four.
3. Attachment I, Living Wage Ordinance, is amended to add Attachment I-1, the revised contractor Living Wage Declaration, which is attached to this Amendment Number Four and incorporated by reference into the Contract.
4. All other terms and conditions of the previously amended Contract remain in full force and effect.

###

IN WITNESS WHEREOF, Contractor has executed this Amendment Number Four or caused it to be duly executed and the County of Los Angeles, by order of its Board of Supervisors has caused this Amendment to be executed on its behalf by the Chairman of said Board and attested by the Executive Officer-Clerk of the Board of Supervisors thereof, this 19TH day of JUNE 2007.

COUNTY OF LOS ANGELES

By

Ben Yarusso
Chairman, Board of Supervisors

ATTEST:

SACHI HAMAI
Executive Officer-Clerk
of the Board of Supervisors

By

[Signature]
Deputy



I hereby certify that pursuant to
Section 25103 of the Government Code,
delivery of this document has been made.

SACHI A. HAMAI
Executive Officer
Clerk of the Board of Supervisors

By

[Signature]
Deputy

APPROVED AS TO FORM:

Raymond G. Fortner, Jr.
County Counsel

By

Thomas Pagan
Senior Deputy County Counsel

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

53

JUN 12 2007

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

SOUTH ATLANTIC MEDICAL GROUP, INC.

[Signature]

Nissan Kahen, President
5594 East Whittier Boulevard
Los Angeles, CA 90022

Section V. Terms and Conditions, Paragraph 1.59, Compliance with Living Wage Ordinance, is replaced with the following:

1.59 COMPLIANCE WITH THE COUNTY'S LIVING WAGE PROGRAM

1.59.1 Living Wage Program:

This Contract is subject to the provisions of the County's ordinance entitled Living Wage Program as codified in Sections 2.201.010 through 2.201.100 of the Los Angeles County Code, a copy of which is attached as Attachment S, Los Angeles County Code, and incorporated by reference into and made a part of this Contract.

1.59.2 Payment of Living Wage Rates.

1.59.2.1. Unless the Contractor has demonstrated to the County's satisfaction either that the Contractor is not an "Employer" as defined under the Program (Section 2.201.020 of the County Code) or that the Contractor qualifies for an exception to the Living Wage Program (Section 2.201.090 of the County Code), the Contractor shall pay its Employees no less than the applicable hourly living wage rate, as set forth immediately below, for the Employees' services provided to the County, including, without limitation, "Travel Time" as defined below at subsection 5 of this Subparagraph 1.59.0 under the Contract:

- a. Not less than \$11.84 per hour if, in addition to the per-hour wage, the Contractor contributes less than \$2.20 per hour towards the provision of bona fide health care benefits for its Employees and any dependents; or
- b. Not less than \$9.64 per hour if, in addition to the per-hour wage, the Contractor contributes at least \$2.20 per hour towards the provision of bona fide health care benefits for its Employees and any dependents. The Contractor will be deemed to have contributed \$2.20 per hour towards the provision of bona fide health care benefits if the benefits are provided through the County Department of Health Services Community Health Plan. If, at any time during the Contract, the Contractor contributes less

than \$2.20 per hour towards the provision of bona fide health care benefits, the Contractor shall be required to pay its Employees the higher hourly living wage rate.

- 1.59.2.2 For purposes of this Sub-paragraph, "Contractor" includes any subcontractor engaged by the Contractor to perform services for the County under the Contract. If the Contractor uses any subcontractor to perform services for the County under the Contract, the subcontractor shall be subject to the provisions of this Sub-paragraph. The provisions of this Sub-paragraph shall be inserted into any such subcontract and a copy of the Living Wage Program shall be attached to the subcontract. "Employee" means any individual who is an employee of the Contractor under the laws of California, and who is providing full-time services to the Contractor, some or all of which are provided to the County under the Contract. "Full-time" means a minimum of 40 hours worked per week, or a lesser number of hours, if the lesser number is a recognized industry standard and is approved as such by the County; however, fewer than 35 hours worked per week will not, in any event, be considered full-time.
- 1.59.2.3. If the Contractor is required to pay a living wage when the Contract commences, the Contractor shall continue to pay a living wage for the entire term of the Contract, including any option period.
- 1.59.2.4. If the Contractor is not required to pay a living wage when the Contract commences, the Contractor shall have a continuing obligation to review the applicability of its "exemption status" from the living wage requirement. The Contractor shall immediately notify the County if the Contractor at any time either comes within the Living Wage Program's definition of "Employer" or if the Contractor no longer qualifies for an exception to the Living Wage Program. In either event, the Contractor shall immediately be required to commence paying the living wage and shall be obligated to pay the living wage for the remaining term of the Contract, including any option period. The County may also require, at any time during the Contract and at its sole discretion, that the

Contractor demonstrate to the County's satisfaction that the Contractor either continues to remain outside of the Living Wage Program's definition of "Employer" and/or that the Contractor continues to qualify for an exception to the Living Wage Program. Unless the Contractor satisfies this requirement within the time frame permitted by the County, the Contractor shall immediately be required to pay the living wage for the remaining term of the Contract, including any option period.

- 1.59.2.2 For purposes of the Contractor's obligation to pay its Employees the applicable hourly living wage rate under this Contract, "Travel Time" shall have the following two meanings, as applicable: 1) With respect to travel by an Employee that is undertaken in connection with this Contract, Travel Time shall mean any period during which an Employee physically travels to or from a County facility if the Contractor pays the Employee any amount for that time or if California law requires the Contractor to pay the Employee any amount for that time; and 2) With respect to travel by an Employee between County facilities that are subject to two different contracts between the Contractor and the County (of which both contracts are subject to the Living Wage Program), Travel Time shall mean any period during which an Employee physically travels to or from, or between such County facilities if the Contractor pays the Employee any amount for that time or if California law requires the Contractor to pay the Employee any amount for that time.

1.59.3 Contractor's Submittal of Certified Monitoring Reports.

The Contractor shall submit to the County certified monitoring reports at a frequency instructed by the County. The certified monitoring reports shall list all of the Contractor's Employees during the reporting period. The certified monitoring reports shall also verify the number of hours worked, the hourly wage rate paid, and the amount paid by the Contractor for health benefits, if any, for each of its Employees. The certified monitoring reports shall also state the name and identification number of the Contractor's current health care benefits plan, and the Contractor's portion of the premiums paid as well as the portion paid by each Employee. All certified monitoring reports shall be submitted on forms provided by the County (Attachments L and

M), or other form approved by the County which contains the above information. The County reserves the right to request any additional information it may deem necessary. If the County requests additional information, the Contractor shall promptly provide such information. The Contractor, through one of its officers, shall certify under penalty of perjury that the information contained in each certified monitoring report is true and accurate.

1.59.4 Contractor's Ongoing Obligation to Report Labor Law/Payroll Violations and Claims.

During the term of the Contract, if the Contractor becomes aware of any labor law/payroll violation or any complaint, investigation or proceeding ("claim") concerning any alleged labor law/payroll violation (including but not limited to any violation or claim pertaining to wages, hours and working conditions such as minimum wage, prevailing wage, living wage, the Fair Labor Standards Act, employment of minors, or unlawful employment discrimination), the Contractor shall immediately inform the County of any pertinent facts known by the Contractor regarding same. This disclosure obligation is not limited to any labor law/payroll violation or claim arising out of the Contractor's contract with the County, but instead applies to any labor law/payroll violation or claim arising out of any of the Contractor's operations in California.

1.59.5 County Auditing of Contractor Records.

Upon a minimum of twenty-four (24) hours' written notice, the County may audit, at the Contractor's place of business, any of the Contractor's records pertaining to the Contract, including all documents and information relating to the certified monitoring reports. The Contractor is required to maintain all such records in California until the expiration of four (4) years from the date of final payment under the Contract. Authorized agents of the County shall have access to all such records during normal business hours for the entire period that records are to be maintained.

1.59.6 Notifications to Employees.

The Contractor shall place County-provided living wage posters at each of the Contractor's places of business and locations where the Contractor's Employees are working. The Contractor shall also distribute County-provided notices to each of its Employees at least once per year. The Contractor shall translate posters and

handouts into Spanish and any other language spoken by a significant number of Employees.

1.59.7 Enforcement and Remedies.

If the Contractor fails to comply with the requirements of this Sub-paragraph, the County shall have the rights and remedies described in this Sub-paragraph in addition to any rights and remedies provided by law or equity.

1. Remedies For Submission of Late or Incomplete Certified Monitoring Reports. If the Contractor submits a certified monitoring report to the County after the date it is due or if the report submitted does not contain all of the required information or is inaccurate or is not properly certified, any such deficiency shall constitute a breach of the Contract. In the event of any such breach, the County may, in its sole discretion, exercise any or all of the following rights/remedies:
 - a. Withholding of Payment. If the Contractor fails to submit accurate, complete, timely and properly certified monitoring reports, the County may withhold from payment to the Contractor up to the full amount of any invoice that would otherwise be due, until the Contractor has satisfied the concerns of the County, which may include required submittal of revised certified monitoring reports or additional supporting documentation.
 - b. Liquidated Damages. It is mutually understood and agreed that the Contractor's failure to submit an accurate, complete, timely and properly certified monitoring report will result in damages being sustained by the County. It is also understood and agreed that the nature and amount of the damages will be extremely difficult and impractical to fix; that the liquidated damages set forth herein are the nearest and most exact measure of damages for such breach that can be fixed at this time; and that the liquidated damages are not intended as a penalty or forfeiture for the Contractor's breach. Therefore, in the event that a certified monitoring report is deficient, including but not limited to being late, inaccurate, incomplete or uncertified, it is agreed that the County may, in its sole discretion, assess against the Contractor liquidated damages in the amount of \$100 per monitoring report for each day until the County has been provided with a properly prepared, complete and certified monitoring report. The County may deduct any

assessed liquidated damages from any payments otherwise due the Contractor.

- c. Termination. The Contractor's continued failure to submit accurate, complete, timely and properly certified monitoring reports may constitute a material breach of the Contract. In the event of such material breach, the County may, in its sole discretion, terminate the Contract.

2. Remedies for Payment of Less Than the Required Living Wage. If the Contractor fails to pay any Employee at least the applicable hourly living wage rate, such deficiency shall constitute a breach of the Contract. In the event of any such breach, the County may, in its sole discretion, exercise any or all of the following rights/remedies:

- a. Withholding Payment. If the Contractor fails to pay one or more of its Employees at least the applicable hourly living wage rate, the County may withhold from any payment otherwise due the Contractor the aggregate difference between the living wage amounts the Contractor was required to pay its Employees for a given pay period and the amount actually paid to the employees for that pay period. The County may withhold said amount until the Contractor has satisfied the County that any underpayment has been cured, which may include required submittal of revised certified monitoring reports or additional supporting documentation.
- b. Liquidated Damages. It is mutually understood and agreed that the Contractor's failure to pay any of its Employees at least the applicable hourly living wage rate will result in damages being sustained by the County. It is also understood and agreed that the nature and amount of the damages will be extremely difficult and impractical to fix; that the liquidated damages set forth herein are the nearest and most exact measure of damages for such breach that can be fixed at this time; and that the liquidated damages are not intended as a penalty or forfeiture for the Contractor's breach. Therefore, it is agreed that the County may, in its sole discretion, assess against the Contractor liquidated damages of \$1.59 per Employee per day for each and every instance of an underpayment to an Employee. The County may deduct any assessed liquidated damages from any payments otherwise due the Contractor.

c. Termination. The Contractor's continued failure to pay any of its Employees the applicable hourly living wage rate may constitute a material breach of the Contract. In the event of such material breach, the County may, in its sole discretion, terminate the Contract.

3. Debarment. In the event the Contractor breaches a requirement of this Sub-paragraph, the County may, in its sole discretion, bar the Contractor from the award of future County contracts for a period of time consistent with the seriousness of the breach. Generally, the period of debarment should not exceed five years. However, if circumstances warrant, the County may impose a longer period of debarment up to and including permanent debarment.

1.59.8 Use of Full-Time Employees.

The Contractor shall assign and use full-time Employees of the Contractor to provide services under the Contract unless the Contractor can demonstrate to the satisfaction of the County that it is necessary to use non-full-time Employees based on staffing efficiency or County requirements for the work to be performed under the Contract. It is understood and agreed that the Contractor shall not, under any circumstance, use non-full-time Employees for services provided under the Contract unless and until the County has provided written authorization for the use of same. The Contractor submitted with its proposal a full-time Employee staffing plan. If the Contractor changes its full-time Employee staffing plan, the Contractor shall immediately provide a copy of the new staffing plan to the County.

1.59.9 Contractor Retaliation Prohibited.

The Contractor and/or its employees shall not take any adverse action which would result in the loss of any benefit of employment, any contract benefit, or any statutory benefit for any employee, person or entity who has reported a violation of the Living Wage Program to the County or to any other public or private agency, entity or person. A violation of the provisions of this Sub-paragraph may constitute a material breach of the Contract. In the event of such material breach, the County may, in its sole discretion, terminate the Contract.

1.59.10 Contractor Standards.

During the term of the Contract, the Contractor shall maintain business stability, integrity in employee relations and the financial ability to pay a living wage to its employees. If requested to do so

by the County, the Contractor shall demonstrate to the satisfaction of the County that the Contractor is complying with this requirement.

1.59.11 Employee Retention Rights - INTENTIONALLY OMITTED

1.59.12 Neutrality in Labor Relations .

The Contractor shall not use any consideration received under the Contract to hinder, or to further, organization of, or collective bargaining activities by or on behalf of the Contractor's employees, except that this restriction shall not apply to any expenditure made in the course of good faith collective bargaining, or to any expenditure pursuant to obligations incurred under a bona fide collective bargaining Contract, or which would otherwise be permitted under the provisions of the National Labor Relations Act.

ATTACHMENT I

CONTRACTOR LIVING WAGE DECLARATION



COUNTY OF LOS ANGELES LIVING WAGE ORDINANCE

LIVING WAGE DECLARATION

The contract to be awarded pursuant to this Request for Proposal (RFP) is subject to the County of Los Angeles Living Wage Ordinance (Program). You must declare your intent to comply with the Program.

If you believe that you are exempt from the Program, please complete the Application for Exemption form and submit it, as instructed in the RFP, to the County awarding department.

If you are not exempt from the Program, please check the option that best describes your intention to comply with the Program.

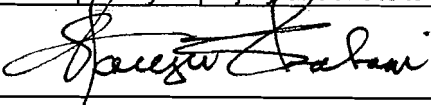
- ☐ I do not have a bona fide health care benefit plan for those employees who will be providing services to the County under the contract. I will pay an hourly wage rate of not less than **\$11.84 per hour** per employee.
- ☒ I do have a bona fide health care benefit plan for those employees who will be providing services to the County under the contract but will pay into the plan **less than \$2.20 per hour** per employee. I will pay an hourly wage of not less than **\$11.84 per hour** per employee.
- ☐ I do have a bona fide health care benefit plan for those employees who will be providing services to the County under the contract and will pay into the plan **at least \$2.20 per hour** per employee. I will pay an hourly wage of not less than **\$9.64 per hour** per employee.

Health Plan(s): _____

Company Insurance Group Number: _____

Health Benefit(s) Payment Schedule:

- ☐ Monthly ☐ Quarterly ☐ Bi-Annual
- ☐ Annually ☐ Other: _____
(Specify)

PLEASE PRINT COMPANY NAME: QTC Medical Group Inc. - QTC MEDICAL GROUP INC	
I declare under penalty of perjury under the laws of the State of California that the above is true and correct.	
SIGNATURE: 	DATE: May 31, 2007
PLEASE PRINT NAME: MARTIE SHAHANI	TITLE OR POSITION: SENIOR VICE PRESIDENT



AMENDMENT NUMBER FOUR

to the

Contract Between

County of Los Angeles

and

South Atlantic Medical Group, Inc.

Employability Screening Services for General Relief Applicants/Participants

PREPARED BY:

GENERAL RELIEF AND FOOD STAMP DIVISION
12820 CROSSROADS PARKWAY SOUTH
CITY OF INDUSTRY, CA 91746-3411

JUNE 2007

**AMENDMENT NUMBER FOUR TO THE CONTRACT
BETWEEN COUNTY OF LOS ANGELES
AND
SOUTH ATLANTIC MEDICAL GROUP, INC.
FOR EMPLOYABILITY SCREENING SERVICES
FOR GENERAL RELIEF APPLICANTS/PARTICIPANTS**

Reference is made to the Contract entitled "Employability Screening Services for General Relief Applicants/Participants Contract By and Between County of Los Angeles and South Atlantic Medical Group, Inc., dated May 21, 2002, and further identified as COUNTY Agreement Number 73995, and as later amended by Amendment Number One, dated June 22, 2004, Amendment Number Two, dated June 13, 2005, and Amendment Number Three, dated June 26, 2006.

WHEREAS, services provided by CONTRACTOR under this Contract continue to be performed more economically by CONTRACTOR than by COUNTY employees; and

WHEREAS, COUNTY and CONTRACTOR desire to extend the term of the Contract.

NOW, THEREFORE, effective June 30, 2007, the Contract is amended as follows:

1. Contract Section II., **CONTRACT TERM**, is amended to add the following paragraph 5.0, which shall read in its entirety as follows:

- 5.0 The term of this Contract is extended for an additional month to July 31, 2007. Additionally, the COUNTY shall have the unilateral option to extend the term of this Contract, on a month-to-month basis, for a period not to exceed eleven (11) additional months. The Director, or the Director's designee, shall have the authority to exercise each additional one month option on behalf of the COUNTY. The exercise of each of the COUNTY's options to extend the term of this Contract shall be effective immediately upon dispatch of a notice from the COUNTY to the CONTRACTOR informing the CONTRACTOR of COUNTY's decision to exercise its option. In the event that the COUNTY exercises each of its eleven monthly options to extend the term of this Contract, the Contract will expire on June 30, 2008.

2. Contract Section V., Terms and Conditions, Paragraph 1.59, Compliance with Living Wage Ordinance, is amended and restated in its entirety as set forth on Exhibit A to this Amendment Number Four.
3. Attachment I, Living Wage Ordinance, is amended to add Attachment I-1, the revised contractor Living Wage Declaration, which is attached to this Amendment Number Four and incorporated by reference into the Contract.
4. All other terms and conditions of the previously amended Contract remain in full force and effect.

###

IN WITNESS WHEREOF, Contractor has executed this Amendment Number Four or caused it to be duly executed and the County of Los Angeles, by order of its Board of Supervisors has caused this Amendment to be executed on its behalf by the Chairman of said Board and attested by the Executive Officer-Clerk of the Board of Supervisors thereof, this _____ day of _____ 2007.

COUNTY OF LOS ANGELES

By *[Signature]*
Chairman, Board of Supervisors

ATTEST:

SACHI HAMAI
Executive Officer-Clerk
of the Board of Supervisors

By *[Signature]*
Deputy



I hereby certify that pursuant to
Section 25103 of the Government Code,
delivery of this document has been made.

SACHI A. HAMAI
Executive Officer
Clerk of the Board of Supervisors

By *[Signature]*
Deputy

APPROVED AS TO FORM:

Raymond G. Fortner, Jr.
County Counsel

By *[Signature]*
Senior Deputy County Counsel

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

53 JUN 12 2007

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

QTC MEDICAL GROUP, INC.

for [Signature]
James B. Peake, President
1350 Valley Vista Drive
Diamond Bar, CA 91765

[Signature]
May 31, 2007
MARJIE SHAHANI
SENIOR VICE PRESIDENT

#53 JUN 12 2007

73996

Supplement No.

W

EXHIBIT A

Section V. Terms and Conditions, Paragraph 1.59, Compliance with Living Wage Ordinance, is replaced with the following:

1.59 COMPLIANCE WITH THE COUNTY'S LIVING WAGE PROGRAM

1.59.1 Living Wage Program:

This Contract is subject to the provisions of the County's ordinance entitled Living Wage Program as codified in Sections 2.201.010 through 2.201.100 of the Los Angeles County Code, a copy of which is attached as Attachment S, Los Angeles County Code, and incorporated by reference into and made a part of this Contract.

1.59.2 Payment of Living Wage Rates.

1.59.2.1. Unless the Contractor has demonstrated to the County's satisfaction either that the Contractor is not an "Employer" as defined under the Program (Section 2.201.020 of the County Code) or that the Contractor qualifies for an exception to the Living Wage Program (Section 2.201.090 of the County Code), the Contractor shall pay its Employees no less than the applicable hourly living wage rate, as set forth immediately below, for the Employees' services provided to the County, including, without limitation, "Travel Time" as defined below at subsection 5 of this Subparagraph 1.59.0 under the Contract:

- a. Not less than \$11.84 per hour if, in addition to the per-hour wage, the Contractor contributes less than \$2.20 per hour towards the provision of bona fide health care benefits for its Employees and any dependents; or
- b. Not less than \$9.64 per hour if, in addition to the per-hour wage, the Contractor contributes at least \$2.20 per hour towards the provision of bona fide health care benefits for its Employees and any dependents. The Contractor will be deemed to have contributed \$2.20 per hour towards the provision of bona fide health care benefits if the benefits are

provided through the County Department of Health Services Community Health Plan. If, at any time during the Contract, the Contractor contributes less than \$2.20 per hour towards the provision of bona fide health care benefits, the Contractor shall be required to pay its Employees the higher hourly living wage rate.

- 1.59.2.2 For purposes of this Sub-paragraph, "Contractor" includes any subcontractor engaged by the Contractor to perform services for the County under the Contract. If the Contractor uses any subcontractor to perform services for the County under the Contract, the subcontractor shall be subject to the provisions of this Sub-paragraph. The provisions of this Sub-paragraph shall be inserted into any such subcontract and a copy of the Living Wage Program shall be attached to the subcontract. "Employee" means any individual who is an employee of the Contractor under the laws of California, and who is providing full-time services to the Contractor, some or all of which are provided to the County under the Contract. "Full-time" means a minimum of 40 hours worked per week, or a lesser number of hours, if the lesser number is a recognized industry standard and is approved as such by the County; however, fewer than 35 hours worked per week will not, in any event, be considered full-time.
- 1.59.2.3. If the Contractor is required to pay a living wage when the Contract commences, the Contractor shall continue to pay a living wage for the entire term of the Contract, including any option period.
- 1.59.2.4. If the Contractor is not required to pay a living wage when the Contract commences, the Contractor shall have a continuing obligation to review the applicability of its "exemption status" from the living wage requirement. The Contractor shall immediately notify the County if the Contractor at any time either comes within the Living Wage Program's definition of "Employer" or if the Contractor no longer qualifies for an exception to the Living Wage Program. In either

event, the Contractor shall immediately be required to commence paying the living wage and shall be obligated to pay the living wage for the remaining term of the Contract, including any option period. The County may also require, at any time during the Contract and at its sole discretion, that the Contractor demonstrate to the County's satisfaction that the Contractor either continues to remain outside of the Living Wage Program's definition of "Employer" and/or that the Contractor continues to qualify for an exception to the Living Wage Program. Unless the Contractor satisfies this requirement within the time frame permitted by the County, the Contractor shall immediately be required to pay the living wage for the remaining term of the Contract, including any option period.

- 1.59.2.2 For purposes of the Contractor's obligation to pay its Employees the applicable hourly living wage rate under this Contract, "Travel Time" shall have the following two meanings, as applicable: 1) With respect to travel by an Employee that is undertaken in connection with this Contract, Travel Time shall mean any period during which an Employee physically travels to or from a County facility if the Contractor pays the Employee any amount for that time or if California law requires the Contractor to pay the Employee any amount for that time; and 2) With respect to travel by an Employee between County facilities that are subject to two different contracts between the Contractor and the County (of which both contracts are subject to the Living Wage Program), Travel Time shall mean any period during which an Employee physically travels to or from, or between such County facilities if the Contractor pays the Employee any amount for that time or if California law requires the Contractor to pay the Employee any amount for that time.

1.59.3 Contractor's Submittal of Certified Monitoring Reports.

The Contractor shall submit to the County certified monitoring reports at a frequency instructed by the County. The certified monitoring reports shall list all of the Contractor's Employees

during the reporting period. The certified monitoring reports shall also verify the number of hours worked, the hourly wage rate paid, and the amount paid by the Contractor for health benefits, if any, for each of its Employees. The certified monitoring reports shall also state the name and identification number of the Contractor's current health care benefits plan, and the Contractor's portion of the premiums paid as well as the portion paid by each Employee. All certified monitoring reports shall be submitted on forms provided by the County (Attachments L and M), or other form approved by the County which contains the above information. The County reserves the right to request any additional information it may deem necessary. If the County requests additional information, the Contractor shall promptly provide such information. The Contractor, through one of its officers, shall certify under penalty of perjury that the information contained in each certified monitoring report is true and accurate.

1.59.4 Contractor's Ongoing Obligation to Report Labor Law/Payroll Violations and Claims.

During the term of the Contract, if the Contractor becomes aware of any labor law/payroll violation or any complaint, investigation or proceeding ("claim") concerning any alleged labor law/payroll violation (including but not limited to any violation or claim pertaining to wages, hours and working conditions such as minimum wage, prevailing wage, living wage, the Fair Labor Standards Act, employment of minors, or unlawful employment discrimination), the Contractor shall immediately inform the County of any pertinent facts known by the Contractor regarding same. This disclosure obligation is not limited to any labor law/payroll violation or claim arising out of the Contractor's contract with the County, but instead applies to any labor law/payroll violation or claim arising out of any of the Contractor's operations in California.

1.59.5 County Auditing of Contractor Records.

Upon a minimum of twenty-four (24) hours' written notice, the County may audit, at the Contractor's place of business, any of the Contractor's records pertaining to the Contract, including all documents and information relating to the certified monitoring reports. The Contractor is required to maintain all such records in California until the expiration of four (4) years from the date of final payment under the Contract. Authorized agents of the

County shall have access to all such records during normal business hours for the entire period that records are to be maintained.

1.59.6 Notifications to Employees.

The Contractor shall place County-provided living wage posters at each of the Contractor's places of business and locations where the Contractor's Employees are working. The Contractor shall also distribute County-provided notices to each of its Employees at least once per year. The Contractor shall translate posters and handouts into Spanish and any other language spoken by a significant number of Employees.

1.59.7 Enforcement and Remedies.

If the Contractor fails to comply with the requirements of this Sub-paragraph, the County shall have the rights and remedies described in this Sub-paragraph in addition to any rights and remedies provided by law or equity.

1. Remedies For Submission of Late or Incomplete Certified Monitoring Reports. If the Contractor submits a certified monitoring report to the County after the date it is due or if the report submitted does not contain all of the required information or is inaccurate or is not properly certified, any such deficiency shall constitute a breach of the Contract. In the event of any such breach, the County may, in its sole discretion, exercise any or all of the following rights/remedies:
 - a. Withholding of Payment. If the Contractor fails to submit accurate, complete, timely and properly certified monitoring reports, the County may withhold from payment to the Contractor up to the full amount of any invoice that would otherwise be due, until the Contractor has satisfied the concerns of the County, which may include required submittal of revised certified monitoring reports or additional supporting documentation.
 - b. Liquidated Damages. It is mutually understood and agreed that the Contractor's failure to submit an accurate, complete, timely and properly certified monitoring report will result in damages being sustained by the County. It is also understood and agreed that the nature and amount of

the damages will be extremely difficult and impractical to fix; that the liquidated damages set forth herein are the nearest and most exact measure of damages for such breach that can be fixed at this time; and that the liquidated damages are not intended as a penalty or forfeiture for the Contractor's breach. Therefore, in the event that a certified monitoring report is deficient, including but not limited to being late, inaccurate, incomplete or uncertified, it is agreed that the County may, in its sole discretion, assess against the Contractor liquidated damages in the amount of \$100 per monitoring report for each day until the County has been provided with a properly prepared, complete and certified monitoring report. The County may deduct any assessed liquidated damages from any payments otherwise due the Contractor.

- c. Termination. The Contractor's continued failure to submit accurate, complete, timely and properly certified monitoring reports may constitute a material breach of the Contract. In the event of such material breach, the County may, in its sole discretion, terminate the Contract.

- 2. Remedies for Payment of Less Than the Required Living Wage. If the Contractor fails to pay any Employee at least the applicable hourly living wage rate, such deficiency shall constitute a breach of the Contract. In the event of any such breach, the County may, in its sole discretion, exercise any or all of the following rights/remedies:

- a. Withholding Payment. If the Contractor fails to pay one or more of its Employees at least the applicable hourly living wage rate, the County may withhold from any payment otherwise due the Contractor the aggregate difference between the living wage amounts the Contractor was required to pay its Employees for a given pay period and the amount actually paid to the employees for that pay period. The County may withhold said amount until the Contractor has satisfied the County that any underpayment has been cured, which may include required submittal of revised certified monitoring reports or additional supporting documentation.
- b. Liquidated Damages. It is mutually understood and agreed that the Contractor's failure to pay any of its Employees at

least the applicable hourly living wage rate will result in damages being sustained by the County. It is also understood and agreed that the nature and amount of the damages will be extremely difficult and impractical to fix; that the liquidated damages set forth herein are the nearest and most exact measure of damages for such breach that can be fixed at this time; and that the liquidated damages are not intended as a penalty or forfeiture for the Contractor's breach. Therefore, it is agreed that the County may, in its sole discretion, assess against the Contractor liquidated damages of \$1.59 per Employee per day for each and every instance of an underpayment to an Employee. The County may deduct any assessed liquidated damages from any payments otherwise due the Contractor.

c. Termination. The Contractor's continued failure to pay any of its Employees the applicable hourly living wage rate may constitute a material breach of the Contract. In the event of such material breach, the County may, in its sole discretion, terminate the Contract.

3. Debarment. In the event the Contractor breaches a requirement of this Sub-paragraph, the County may, in its sole discretion, bar the Contractor from the award of future County contracts for a period of time consistent with the seriousness of the breach. Generally, the period of debarment should not exceed five years. However, if circumstances warrant, the County may impose a longer period of debarment up to and including permanent debarment.

1.59.8 Use of Full-Time Employees.

The Contractor shall assign and use full-time Employees of the Contractor to provide services under the Contract unless the Contractor can demonstrate to the satisfaction of the County that it is necessary to use non-full-time Employees based on staffing efficiency or County requirements for the work to be performed under the Contract. It is understood and agreed that the Contractor shall not, under any circumstance, use non-full-time Employees for services provided under the Contract unless and until the County has provided written authorization for the use of same. The Contractor submitted with its proposal a full-time Employee staffing plan. If the Contractor changes its full-time

Employee staffing plan, the Contractor shall immediately provide a copy of the new staffing plan to the County.

1.59.9 Contractor Retaliation Prohibited.

The Contractor and/or its employees shall not take any adverse action which would result in the loss of any benefit of employment, any contract benefit, or any statutory benefit for any employee, person or entity who has reported a violation of the Living Wage Program to the County or to any other public or private agency, entity or person. A violation of the provisions of this Sub-paragraph may constitute a material breach of the Contract. In the event of such material breach, the County may, in its sole discretion, terminate the Contract.

1.59.10 Contractor Standards.

During the term of the Contract, the Contractor shall maintain business stability, integrity in employee relations and the financial ability to pay a living wage to its employees. If requested to do so by the County, the Contractor shall demonstrate to the satisfaction of the County that the Contractor is complying with this requirement.

1.59.11 Employee Retention Rights - INTENTIONALLY OMITTED

1.59.12 Neutrality in Labor Relations .

The Contractor shall not use any consideration received under the Contract to hinder, or to further, organization of, or collective bargaining activities by or on behalf of the Contractor's employees, except that this restriction shall not apply to any expenditure made in the course of good faith collective bargaining, or to any expenditure pursuant to obligations incurred under a bona fide collective bargaining Contract, or which would otherwise be permitted under the provisions of the National Labor Relations Act.

ATTACHMENT I

CONTRACTOR LIVING WAGE DECLARATION



COUNTY OF LOS ANGELES LIVING WAGE ORDINANCE

LIVING WAGE DECLARATION

The contract to be awarded pursuant to this Request for Proposal (RFP) is subject to the County of Los Angeles Living Wage Ordinance (Program). You must declare your intent to comply with the Program.

If you believe that you are exempt from the Program, please complete the Application for Exemption form and submit it, as instructed in the RFP, to the County awarding department.

If you are not exempt from the Program, please check the option that best describes your intention to comply with the Program.

- ☐ I do not have a bona fide health care benefit plan for those employees who will be providing services to the County under the contract. I will pay an hourly wage rate of not less than **\$11.84 per hour** per employee.
- ☐ I do have a bona fide health care benefit plan for those employees who will be providing services to the County under the contract but will pay into the plan **less than \$2.20 per hour** per employee. I will pay an hourly wage of not less than **\$11.84 per hour** per employee.
- ☒ I do have a bona fide health care benefit plan for those employees who will be providing services to the County under the contract and will pay into the plan **at least \$2.20 per hour** per employee. I will pay an hourly wage of not less than **\$9.64 per hour** per employee.

Health Plan(s): Kaiser Permanente

Company Insurance Group Number: 7034169004200202110

Health Benefit(s) Payment Schedule:

- ☒ Monthly ☐ Quarterly ☐ Bi-Annual
☐ Annually ☐ Other: _____
(Specify)

PLEASE PRINT COMPANY NAME: <u>SOUTH ATLANTIC MEDICAL GROUP</u>	
I declare under penalty of perjury under the laws of the State of California that the above is true and correct:	
SIGNATURE: <u>[Signature]</u>	DATE: <u>5/31/07</u>
PLEASE PRINT NAME: <u>NISSAN KAHN MD</u>	TITLE OR POSITION: <u>President</u>